

Message Text

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16

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FEA - MR. EBINGER

----- 034256

R 090257Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 113398

E.O. 11652: GDS

TAGS: PFOR, VE

SUBJECT: VENEZUELAN CASP PRE-IG MEETING

REF: CARACAS A-33 OF MARCH 19, 1976

1. VENEZUELAN CASP PRE-IG MEETING, HELD APRIL 27, GAVE
GENERAL CONCURRENCE TO EMBASSY'S TWO-ISSUE CASP CONTINGENT
UPON VARIOUS MINOR CHANGES AND SEVERAL SUBSTANTIVE
REVISIONS, INCLUDING CONSIDERATION UNDER BOTH ISSUES OF
THE IMPORTANCE OF A FAIR CLIMATE FOR AMERICAN BUSINESS AND
OTHER INTERESTS IN VENEZUELA. THIS WILL OBVIATE NEED FOR
FORMAL IG MEETING.

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2. PRE-IG CHAIRMAN DEVINE OPENED MEETING WITH LISTING OF MAJOR US INTERESTS IN VENEZUELA AND WARNED AGAINST UNHELPFUL PUBLIC LEAKS SUCH AS OCCURRED IN CONNECTION WITH CONSIDERATION OF LAST YEAR'S CASP ON VENEZUELA. SPECIFIC COMMENTS WHICH FOLLOW ARE KEYED TO THE EMBASSY CASP SUBMISSION (REFAIR).

3. ISSUE ONE. THE RECOMMENDATION TO MODIFY THE OIL ENTITLEMENTS PROGRAM (NO. 1, PAGE 5) WILL BE REVISED TO REFLECT THE FEA APRIL MODIFICATION AND THAT VENEZUELA WILL BE GIVEN APPROPRIATE CONSIDERATION BY FEA WHENEVER FURTHER

CHANGE OR NEW DEVELOPMENTS ARE CONTEMPLATED IN ENTITLEMENTS-TYPE PROGRAMS. REGARDING THE REEXAMINING OF USG DOMESTIC REFINERY EXPANSION POLICY (NO. 2, PAGE 5), FEA WILL SUBMIT A NEW RECOMMENDATION REFLECTING POLICY TO EXPAND THAT CAPACITY BUT, AGAIN, GIVING APPROPRIATE CONSIDERATION TO VENEZUELA IN SUCH POLICY DELIBERATIONS. THE OIL STORAGE RECOMMENDATION (NO. 3, PAGE 5) MUST BE REVISED TO REFLECT THE UNCERTAIN OUTCOME OF ADMINISTRATION AND CONGRESSIONAL DEBATE ON THE SUBJECT AND THE LESS DESIRABLE NATURE OF VENEZUELAN OIL (E.G., HIGH SULFUR CONTENT, ETC.) WHILE STILL MAINTAINING THE PRINCIPLE OF EXPLORATORY DISCUSSION WITH PETROVEN. THE RECOMMENDATION THAT THE USG PREPARE ITSELF FOR POSSIBLE TALKS WITH THE GOV ON THE ORINOCO PETROLIFEROUS BELT (NO. 4, PAGE 5) WAS STRONGLY ENDORSED THOUGH WITH HEAVY CAVEATS AS TO TIMING AND CAREFUL PRIOR EXAMINATION WITHIN USG OF ALL ASPECTS OF SUBJECT AND MUST BE MODIFIED FOR CONSIDERATION WITHIN THE CONTEXT OF USG GLOBAL POLICY (E.G., THE CIEC ENERGY COMMISSION, ERDA EXPANSION PLANS).

4. ISSUE TWO. THE RELATIONSHIP BETWEEN PETROLEUM AND VENEZUELA'S GSP EXCLUSION WILL BE STRESSED IN ISSUE TWO (NO. 1-B, PAGE 8) AND ISSUE ONE. USDOC IS TO ESTABLISH A SATURATION MARKETING CAMPAIGN RATHER THAN A TRADE CENTER (NO. 2-C, PAGE 8). ESTABLISHMENT OF INSTITUTIONS (NO. 2-E, PAGE 8) SUCH AS THE INTERNATIONAL INDUSTRIAL INSTITUTE IS TO BE TREATED IN A HEMISPHERIC AND GLOBAL CONTEXT. NEGOTIATION OF A SCIENCE AND TECHNOLOGY AGREE-
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MENT WILL BEGIN AFTER THE USG FIRST DESIGNATES A US EXECUTIVE AGENT AND AGREES ON THE MEANS AND LEVEL OF FUNDING AS WELL AS ON THE DURATION OF SUCH AN AGREEMENT (NO. 1-E, PAGE 8). CU RESOURCES FOR VISITOR EXCHANGE PROGRAMS WILL DEPEND ON THE AMOUNT OF FUNDS ALLOCATED TO THE NEW ACADEMIC PROGRAM (NO. 1-F, PAGE 8). AID ASKED THAT NO SPECIFIC AMOUNTS BE APPROVED FOR AIFLD (PAGE 2-G, PAGE 8). REFERENCE TO THE USG COMMITTING FUNDS

TO A MAJOR SCHOLARSHIP TRAINING PROGRAM (NO. 2-A, PAGE 9)
IS TO BE DELETED.

5. GENERAL COMMENTS. TREASURY ASKED TO GO ON RECORD AS
OPPOSING THE REDUCTION OF STANDARD ECONOMIC REPORTING
(ANALYSIS UNIT, ANNEX B), BELIEVING THAT THE CURRENT LEVEL
OF REPORTING IS BARELY ADEQUATE. AN ACTION MEMORANDUM
BEING PREPARED FOR THE SECRETARY CONTAINS AN OPTION
SUPPORTED BY THE DEPARTMENT OF DEFENSE WHICH WOULD AUTHORIZE
DEFENSE TO EXTEND \$10.0 MILLION FY 1976 DIRECT CREDIT TO
VENEZUELA ON A "ONE TIME ONLY" BASIS. THE WORD "EXCLUSIVE-
LY" IS TO BE DELETED FROM THE COMMERCIAL TASK FORCE

FUNCTIONS (COMMERCIAL UNIT, ANNEX B). PER AN EB SUG-
GESTION, ISSUES ONE AND TWO WILL INCLUDE REFERENCE TO
THE VARIOUS NATIONALIZATION/INVESTMENT DISPUTES AND OTHER
ACTIONS WHICH ADVERSELY AFFECT OUR BILATERAL RELATIONS,
PARTICULARLY VIS-A-VIS THE LOCAL BUSINESS CLIMATE.
QUESTION IS RAISED AS TO VENEZUELAN RECIPROCITY IN
POSITIVE ATTITUDES AND ACTIONS.

6. ANY COMMENT EMBASSY MAY DESIRE TO SUBMIT SHOULD BE
RECEIVED HERE NOT LATER THAN MAY 14. KISSINGER

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